

The Securities and Futures Commission of Hong Kong, Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Sunlight Real Estate Investment Trust

(a Hong Kong collective investment scheme authorized under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))

(Stock Code: 435)

Managed by Henderson Sunlight Asset Management Limited
恒基陽光資產管理有限公司

(1) PROPOSED AMENDMENTS TO THE TRUST DEED

(2) CONTINUING CONNECTED PARTY TRANSACTIONS

(3) NOTICE OF EGM AND CLOSURE OF REGISTER OF UNITHOLDERS

With effect from 4 December 2020, certain amendments were made to the REIT Code which, among other things, provide greater flexibility in relation to property holdings, property developments and investments.

The Manager proposes to seek Unitholders' approval of the following at the EGM:

- (1) the Trust Deed Amendments and the Increase of Property Development Cap, by way of Special Resolutions pursuant to Clause 36.1 of the Trust Deed; and
- (2) the Property Management Transactions and the annual caps of such transactions for the three financial years ending 30 June 2024, by way of an Ordinary Resolution voted upon by the Independent Unitholders.

Details of the above will be set out in the Circular which will be despatched together with the form of proxy for the EGM to the Unitholders on or before Friday, 9 April 2021. The EGM will be held at The Ballroom, 18th Floor, The Mira Hong Kong, 118 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong on Wednesday, 5 May 2021 at 10:30 a.m. In order to determine the entitlement of Unitholders to attend and vote at the EGM, the register of Unitholders will be closed from Friday, 30 April 2021 to Wednesday, 5 May 2021, both days inclusive, during which period no transfer of Units will be effected.

This announcement also includes information in relation to the EGM and other matters which do not require Unitholders' approval at the EGM being the REIT Code Alignment and Other Miscellaneous Amendments (which align the Trust Deed with the REIT Code Amendments together with other miscellaneous amendments principally house-keeping in nature or drafting improvements), the Joint Effort Carparking Agreement and the Master Leasing Agreement.

PROPOSED AMENDMENTS TO THE TRUST DEED

1. Amendments to the Trust Deed for alignment with the REIT Code Amendments

With effect from 4 December 2020, certain amendments were made to the REIT Code which, among other things, provide greater flexibility in relation to property holdings, property developments and investments.

The Manager proposes to amend the Trust Deed in order to align with the REIT Code Amendments and incorporate other miscellaneous amendments which are principally house-keeping in nature or drafting improvements (collectively, the “**REIT Code Alignment and Other Miscellaneous Amendments**”). The key REIT Code Alignment and Other Miscellaneous Amendments are as follows:

- (i) reflecting the relaxation of requirements under the REIT Code to allow Sunlight REIT to make investments in Minority-owned Properties in excess of 10% of the GAV of Sunlight REIT subject to, among others, various restrictions and requirements of the REIT Code;
- (ii) reflecting the relaxation of the diversification limit applicable to a REIT’s holding of the Relevant Investments issued by any single group of companies from 5% to 10% of the GAV of Sunlight REIT (or such higher percentage as may be permitted under the REIT Code) and the requirements relating to non-core investments (including ancillary investments) of Sunlight REIT and the Maximum Cap;
- (iii) reflecting the change in the borrowing limit of Sunlight REIT permitted under the REIT Code Amendments from 45% to 50% of the GAV of Sunlight REIT (or such higher percentage as may be permitted under the REIT Code or as may be specifically permitted by the relevant authorities);
- (iv) broadly aligning the scope of and requirements for connected party transactions and notifiable transactions of Sunlight REIT under the Trust Deed with the requirements applicable to companies listed on the Stock Exchange under the Listing Rules. Such amendments include, among others, revising the scope of connected persons of Sunlight REIT under the Trust Deed; and
- (v) implementing other miscellaneous amendments to the Trust Deeds, such as:
 - (a) aligning with the notification, report, circular and valuation requirements under the REIT Code; and
 - (b) incorporating other minor amendments which are principally house-keeping in nature or drafting improvements.

Pursuant to the current Trust Deed, the investment policy and objective of Sunlight REIT is to invest primarily in office, retail and other commercial properties including industrial/office properties and car parks, as well as industrial properties, hotels and serviced apartments, located in or outside Hong Kong, and that Sunlight REIT may engage or participate in the Property Development and Related Activities and invest in Relevant Investments subject to certain restrictions. There is no specific restriction in the current Trust Deed as to whether the real estate is to be majority-owned or minority-owned by Sunlight REIT. Therefore, although the REIT Code Alignment and Other Miscellaneous Amendments involve the relaxation of certain restrictions and limits and clarifications regarding such investment and activities, they do not constitute any change in the investment policy and objective of Sunlight REIT.

2. Proposed Increase of the Investment Limit regarding Property Development and Related Activities and the Proposed Amendments to the Trust Deed in relation thereto

The Manager proposes to seek Unitholders' approval for increasing the investment limit regarding Property Development and Related Activities pursuant to paragraph 7.2AA of the REIT Code, and amending the Trust Deed for such relaxation pursuant to Clause 36.1 of the Trust Deed.

Prior to the REIT Code Amendments, a REIT was allowed to be engaged or participate in property developments (including both new development projects and re-development of existing properties) provided that the aggregate investments in all property developments undertaken by the REIT together with the aggregate contract value of the uncompleted units of real estate acquired by the REIT ("**Property Development Cap**") did not exceed 10% of its GAV at any time.

The REIT Code Amendments introduced greater flexibility to REITs by permitting the Property Development Cap to be increased from 10% to 25% of the GAV of the REIT, if (1) unitholders of the REIT have given their consent to such increase by way of resolution at a general meeting; (2) it is permissible under the constitutive documents of the REIT; and (3) no objection from the trustee has been obtained. In addition, under the REIT Code Amendments, the Maximum Cap, which is 25% of the GAV of the REIT, is applicable to the combined value of the Aggregate Property Development Costs together with all Non-qualified Minority-owned Properties, Relevant Investments, and other ancillary investments of the REIT.

The Manager proposes to relax the investment limit applicable to Sunlight REIT (including the amendment of the relevant provisions in the Trust Deed) so that the Property Development Cap will be increased to 25% (or such other higher percentage as may be permitted under the REIT Code) of the GAV of Sunlight REIT, and accordingly amend Clauses 1.1 and 19.2(b) of the Trust Deed. The Manager considers that adjusting the Property Development Cap (from 10% to 25% of GAV) is in the interests of Sunlight REIT and the Unitholders as a whole, as it would provide Sunlight REIT with more flexibility in selecting acquisition targets and diversifying its investment portfolio.

3. Other Proposed Amendments to the Trust Deed Requiring Unitholders' Approval

Moreover, the Manager proposes to seek Unitholders' approval pursuant to Clause 36.1 of the Trust Deed for certain other amendments to the Trust Deed, namely:

- (i) the Miscellaneous Fees Amendments, which are relating to (a) the calculation of the variable fee payable to the Manager; (b) the basis of calculation of the acquisition fee and divestment fee payable to the Manager in respect of acquisitions or divestments of any real estate by Sunlight REIT; and (c) the payment to third party agents or brokers in relation to the acquisition or divestment of any real estate by Sunlight REIT;
- (ii) the Annual Distributable Income Amendments, which are mainly relating to the items of adjustments in relation to computing annual distributable income of Sunlight REIT; and
- (iii) the Conduct of General Meeting Amendments, which are relating to the conduct of general meetings of Sunlight REIT, including the convening of a general meeting in multiple locations and as a hybrid meeting.

(A) *Miscellaneous Fees Amendments*

Currently:

- (i) under Clause 15.1(a)(ii) of the Trust Deed, a variable fee of 3% per annum of the Net Property Income of Sunlight REIT (before deducting the variable fee) is payable to the Manager for each financial year;
- (ii) under Clause 15.1(a)(iii) of the Trust Deed, the acquisition fee payable to the Manager in respect of direct or indirect acquisitions of real estate by Sunlight REIT shall not exceed 1% of the value of the relevant real estate according to the valuation done by an approved valuer for the purpose of such acquisition;
- (iii) under Clause 15.1(a)(iv) of the Trust Deed, the divestment fee payable to the Manager in respect of direct or indirect divestment of real estate by Sunlight REIT shall not exceed 0.5% of the value of the relevant real estate according to the valuation done by an approved valuer for the purpose of such sale; and
- (iv) under Clause 15.1(f) of the Trust Deed, any payment to third party agents or brokers in connection with the acquisition or divestment of any real estate by Sunlight REIT shall be paid by the Manager to such persons out of the acquisition fee or divestment fee received by the Manager, and not additionally paid out of the Deposited Property. On the other hand, certain other provisions (namely, Clause 16.2 coupled with Schedule D and Clause 19.12) in the Trust Deed state that any brokerage and commission and other costs incurred in the acquisition or disposal of investments shall be borne by Sunlight REIT out of the Deposited Property.

Basis of calculating the minimum amount of variable fee payable to the Manager

Given that the variable fee payable to the Manager is an incentive fee in nature which is dependent on the performance of the real estate owned and invested by Sunlight REIT, the Manager wishes to clarify that the minimum amount of the variable fee in respect of each real estate owned for each financial year would be zero and not a negative figure and provide in the Trust Deed that variable fee is payable to the Manager in respect of any real estate owned by any minority-owned Joint Venture Entity. As such, the Manager proposes to seek Unitholders' approval pursuant to Clause 36.1 of the Trust Deed to amend Clause 15.1(a)(ii) of the Trust Deed:

- (i) so that for the variable fee payable to the Manager in respect of any real estate owned by any special purpose vehicle (which does not include any minority-owned Joint Venture Entity), it will be calculated on an individual special purpose vehicle basis with reference to Sunlight REIT's share of the Net Property Income of each special purpose vehicle; and where the Net Property Income of any particular special purpose vehicle is a negative figure, the variable fee in respect of the real estate owned by such special purpose vehicle shall be zero; and
- (ii) so that the variable fee shall also be payable to the Manager in respect of any real estate owned by any minority-owned Joint Venture Entity, and such variable fee will be calculated on an individual minority-owned Joint Venture Entity basis with reference to Sunlight REIT's share of profits of each minority-owned Joint Venture Entity; and where there is any loss of any minority-owned Joint Venture Entity, the variable fee in respect of the real estate owned by such minority-owned Joint Venture Entity shall be zero.

The proposed basis of calculation of the variable fee payable to the Manager in respect of the Net Property Income in relation to each real estate or on an individual special purpose vehicle basis has also been adopted in certain other Hong Kong listed REITs.

Basis of calculating the Manager's fees in connection with acquisition or divestment of real estate

As the consideration for the direct or indirect acquisition or divestment of real estate is often different from the valuation of the relevant real estate, the Manager proposes to seek Unitholders' approval pursuant to Clause 36.1 of the Trust Deed to amend Clauses 15.1(a)(iii) and (iv) of the Trust Deed so that the calculation of acquisition fee and divestment fee payable to the Manager in respect of acquisitions or divestments of any real estate by Sunlight REIT will be based on the acquisition price or sale price (as the case may be) of the real estate, instead of its valuation. The proposed basis of calculation of such fees has also been adopted in certain other Hong Kong listed REITs.

Source of payment to third party agent in connection with acquisition or divestment of real estate

It is common in commercial property transactions in Hong Kong that a third party agent or broker would charge the buyer or seller an agency fee based on a prescribed percentage of the sale or acquisition price. In order to allow Sunlight REIT to obtain the best acquisition or selling price possible for its acquisitions or disposals should opportunities arise, while providing the Manager with more flexibility in finding suitable third party agents or brokers, the Manager proposes to amend Clause 15.1(f) of the Trust Deed with a view to clarifying that any such payment of third party agent or broker fees shall be paid out of the Deposited Property, but not out of any acquisition fee or divestment fee received or receivable by the Manager. Such proposed amendments to the source of payment to third party agent or broker fees also seek to align the relevant provisions of the Trust Deed with that of the usual practice of commercial property transactions in Hong Kong so that the third party agent or broker fees are borne by Sunlight REIT as the buyer or seller of the property. The proposed approach has also been adopted in certain other Hong Kong listed REITs.

The above proposed amendments to the Trust Deed as referred to in this paragraph “(A) Miscellaneous Fees Amendments” will be included in the Miscellaneous Fees Amendments, which are subject to Unitholders’ approval pursuant to Clause 36.1 of the Trust Deed.

(B) Annual Distributable Income Amendments

Under the REIT Code, a REIT is required to distribute to unitholders each year an amount not less than 90% of its audited annual net income after tax. In the case of Sunlight REIT, the Trust Deed also requires the total amount distributed to Unitholders each financial year be no less than 90% of the Annual Distributable Income. If so determined by the Manager from time to time, the distribution to Unitholders may exceed 90% of the Annual Distributable Income for each financial year.

The Manager proposes to amend the definition of Annual Distributable Income in Clause 24.5 of the Trust Deed to the amount calculated by the Manager as (i) the consolidated audited profit/loss after tax of Sunlight REIT and the special purpose vehicles owned and controlled by it as adjusted to eliminate the effects of Adjustments for the relevant financial year plus (ii) all distributions received and receivable by Sunlight REIT and the special purpose vehicles from minority-owned Joint Venture Entities for that financial year. An item of Adjustment will be added to Clause 24.6 of the Trust Deed as sub-paragraph (gb) thereof so that any sharing of profits or losses of minority-owned Joint Venture Entities will be eliminated. Such proposed amendments to the Trust Deed referred to in this paragraph are made mainly for the purpose of aligning with the REIT Code Amendments which allow investments in Minority-owned Properties through minority-owned Joint Venture Entities and require all distributions received and receivable from minority-owned properties to form part of the net income for distribution to unitholders pursuant to the REIT’s distribution policy, and therefore form part of the REIT Code Alignment and Other Miscellaneous Amendments and do not require Unitholders’ approval.

The Manager further proposes to seek Unitholders' approval pursuant to Clause 36.1 of the Trust Deed for effecting the Annual Distributable Income Amendments which involve the amendment to the definition of Adjustments by including additional adjustments for various non-cash and other items common among other Hong Kong listed REITs, as summarised below. The effect of the Annual Distributable Income Amendments would be that any decreases in the valuation of investment properties (and the effects of certain other non-cash items described in paragraphs (ii), (iii) and (iv) below) in the financial years ending on and after 30 June 2021 will be eliminated in the calculation of Annual Distributable Income.

(i) *Property revaluation losses*

Clause 24.6(a) of the Trust Deed presently only allows the effect of "property revaluation gains" to be eliminated for the purposes of calculating the Annual Distributable Income. However, "property revaluation losses" are not similarly eliminated, meaning that such losses would reduce the Annual Distributable Income if they arise.

Any accounting entries arising from a property revaluation are non-cash in nature. To afford equal treatment with property revaluation gains, the Manager proposes to amend Clause 24.6(a) of the Trust Deed so that property revaluation losses in addition to gains would be eliminated for the purposes of determining Annual Distributable Income.

(ii) *Impairment provisions*

Clause 24.6(a) of the Trust Deed presently allows reversals of impairment provisions to be eliminated for the purposes of calculating the Annual Distributable Income. Nevertheless, "impairment provisions" are not similarly eliminated, meaning that such provisions would reduce the Annual Distributable Income if they arise.

Impairment provisions are non-cash in nature. To afford equal treatment with reversals of impairment provisions, the Manager proposes to amend Clause 24.6(a) of the Trust Deed so that impairment provisions in addition to reversals of impairment provisions would be eliminated for the purposes of determining the Annual Distributable Income.

(iii) *Depreciation and amortisations*

The Manager proposes to insert Clause 24.6(ga) of the Trust Deed with a view to including depreciation and amortisations in respect of properties and the leasehold improvements thereof and ancillary machinery, equipment and other fixed assets thereat as an adjustment to Annual Distributable Income. Such depreciation and amortisations are non-cash in nature but are accounting expenses which reduce the Annual Distributable Income in the absence of an adjustment.

The proposed amendment to the Trust Deed would allow the relevant depreciation and amortisations to be eliminated for the purposes of determining the Annual Distributable Income.

(iv) *Other material non-cash losses*

Clause 24.6(h) of the Trust Deed presently only allows “material non-cash gains” to be eliminated for the purposes of calculating the Annual Distributable Income. However, “material non-cash losses” are not similarly eliminated, meaning that such losses would reduce the Annual Distributable Income if they arise.

To afford equal treatment with material non-cash gains, the Manager proposes to amend Clause 24.6(h) of the Trust Deed so that material non-cash losses in addition to material non-cash gains would be eliminated for the purposes of determining the Annual Distributable Income.

(v) *Gains on disposal of Relevant Investments and properties*

Clause 24.6(d) of the Trust Deed presently only allows realised gains on “disposal of properties” to be taken into account as an Adjustment. However, realised gains on disposals of properties through transfer of special purpose vehicles owned and controlled by Sunlight REIT or joint venture entities invested by Sunlight REIT are not specified as an Adjustment although in substance such indirect disposal of properties shall have substantially the same effect as direct disposal of properties. In addition, any realised gains on disposal of Relevant Investments are not adjusted for the purposes of determining the Annual Distributable Income under the current provisions of the Trust Deed, which means that any such gains are required to be included in the calculation of the Annual Distributable Income. To put such gains on disposal of Relevant Investments on the same footing as property disposal gains would permit Sunlight REIT to utilise the proceeds from such disposal to invest in real estate as and when appropriate. Accordingly, the Manager proposes to amend Clause 24.6(d) of the Trust Deed so that realised gains on disposal of Relevant Investments and properties, whether directly or indirectly through the disposal of any special purpose vehicle or Joint Venture Entity, shall be eliminated for the purposes of determining the Annual Distributable Income.

(vi) *Discretion of the Manager*

The second sentence in Clause 24.9 of the Trust Deed currently provides that if so required by the REIT Code, any revaluation surplus credited to income or gains on disposal of real estate shall not form part of net income for distribution to Unitholders unless the Manager shall have obtained the Trustee’s prior consent. Given that property revaluation gains and realised gains on disposal of properties are currently part of the items of Adjustments in the Trust Deed and that their effects will be eliminated in the calculation of the Annual Distributable Income, the Manager proposes to remove the redundancy by deleting such sentence in Clause 24.9 of the Trust Deed. As part of the drafting amendments included in the REIT Code Alignment and Other Miscellaneous Amendments, the Manager also proposes to delete the first sentence in Clause 24.9 of the Trust Deed as it overlaps with another provision of the Trust Deed (i.e. Clause 24.8 of the Trust Deed). Notwithstanding such proposed amendments, the Manager’s discretion to distribute more than 90% of the Annual Distributable Income to the Unitholders for the relevant financial year will not be fettered or affected.

Unless otherwise specified above, the above proposed amendments to the Trust Deed as referred to in this paragraph “(B) Annual Distributable Income Amendments” will be included in the Annual Distributable Income Amendments, which are subject to Unitholders’ approval pursuant to Clause 36.1 of the Trust Deed.

(C) *Conduct of General Meeting Amendments*

In order to provide flexibility to Sunlight REIT in relation to the conduct of general meetings which presently requires physical attendance of Unitholders or their proxies at one meeting location under Schedule A to the Trust Deed, the Manager proposes to amend Clause 1.1 of, and Schedule A to, the Trust Deed such that general meetings can be convened (i) as a hybrid meeting where persons entitled to attend the general meeting can attend and participate via electronic means or attend physically at the meeting location; and/or (ii) to be held in multiple locations where simultaneous attendance and participation of the persons entitled to attend the general meeting can be implemented via electronic means.

Certain ancillary and other amendments relating to the conduct of general meetings are also proposed to be made to Schedule A to the Trust Deed. These include amendments to explicitly set out the counting of votes by show of hands and certain powers of the Manager and the chairman of general meeting, including the power to postpone the meeting and make arrangements for attendance at general meetings as well as ensuring the security and orderly conduct of meetings.

The above proposed amendments to the Trust Deed will be included in the Conduct of General Meeting Amendments, which are subject to Unitholders' approval pursuant to Clause 36.1 of the Trust Deed.

4. Approval

Unless otherwise specified above, the proposed amendments to the Trust Deed as referred to in paragraphs 2 and 3 above require Unitholders' approvals by way of Special Resolutions pursuant to Clause 36.1 of the Trust Deed.

Having taken into account the duties of the Manager under the Trust Deed and the REIT Code, the Board considers that:

- (a) each of the Trust Deed Amendments is in the interests of Sunlight REIT and the Unitholders as a whole and that each of the Trust Deed Amendments is being made in compliance with the modification provisions of the Trust Deed and the REIT Code and that, among which, the Miscellaneous Fees Amendments, the Annual Distributable Income Amendments and the Conduct of General Meeting Amendments do not conflict with Sunlight REIT's investment policy and objective as set out in Clause 19.2 of the Trust Deed; and
- (b) the Property Development Amendments and the Increase of Property Development Cap are in line with the relaxations under the REIT Code Amendments and are in the interests of Sunlight REIT and the Unitholders as a whole.

Having taken into account the duties of the Trustee under the Trust Deed and the REIT Code and:

- (a) based on the information contained in this announcement and further information to be contained in the Circular, the Trustee is of the view that each of the Trust Deed Amendments is being made in compliance with the modification provisions of the Trust Deed and the REIT Code and that, among which, the Miscellaneous Fees Amendments, the Annual Distributable Income Amendments and the Conduct of General Meeting

Amendments do not conflict with Sunlight REIT's investment policy and objective as set out in Clause 19.2 of the Trust Deed. Accordingly, the Trustee has no objection to the Trust Deed Amendments, subject to Unitholders' approval of such amendments, and to the requisite amendments being made to the Trust Deed; and

- (b) based on the information to be contained in the Circular and subject to Unitholders' approval being obtained and to the requisite amendments being made to the Trust Deed, the Trustee has agreed to provide its no objection view in respect of the Increase of Property Development Cap in compliance with paragraph 7.2AA(c) of the REIT Code.

The Board considers that the REIT Code Alignment and Other Miscellaneous Amendments are consistent with Sunlight REIT's investment policy and are being made in compliance with the modification provisions of the Trust Deed and the REIT Code and that no Unitholders' approval is required under the REIT Code or the Trust Deed for effecting the REIT Code Alignment and Other Miscellaneous Amendments.

The Trustee has no objection to the REIT Code Alignment and Other Miscellaneous Amendments and is of the view that such amendments are consistent with Sunlight REIT's investment policy and are being made in compliance with the modification provisions of the Trust Deed and the REIT Code. The Trustee has agreed to certify pursuant to Clause 36.1(a) of the Trust Deed and paragraph 9.6 of the REIT Code that, in its opinion, the REIT Code Alignment and Other Miscellaneous Amendments: (i) are necessary in order to comply with applicable fiscal, statutory or official requirements (whether or not having the force of law); or (ii) do not materially prejudice the interests of Unitholders, do not operate to release to any material extent the Trustee or the Manager from any responsibility to Unitholders and do not increase the costs and charges payable out of the Deposited Property. Accordingly, the Trustee confirms that no Unitholders' approval is required under the REIT Code or the Trust Deed for effecting the REIT Code Alignment and Other Miscellaneous Amendments.

The REIT Code Alignment and Other Miscellaneous Amendments and, if approved by the Unitholders at the EGM, the Trust Deed Amendments will be effected by way of an amended and restated trust deed between the Manager and the Trustee.

CONTINUING CONNECTED PARTY TRANSACTIONS

The REIT Code Amendments broadly align the requirements for REITs' connected party transactions with the requirements under the Listing Rules. Given that the 2018 Extended Waiver in respect of certain continuing connected party transactions of Sunlight REIT will expire on 30 June 2021, the following continuing connected party transactions will be subject to announcement, reporting and/or independent unitholders' approval requirements pursuant to the REIT Code after the expiry of the 2018 Extended Waiver.

For the purpose of the 2018 Extended Waiver, (1) the fees and reimbursements payable by the Sunlight REIT Group under the Property Management Agreement would not be subject to any annual cap for the three financial years ending 30 June 2021; and (2) the aggregate amounts payable by the Sunlight REIT Group to entities or persons who are connected persons of Sunlight REIT as a result of their connection with (a) the Manager (including the Property Manager and the HLD Group) or (b) those wholly-owned subsidiaries of SKFE which hold 10% or more Units in issue, in relation to the continuing connected party transactions in respect of third party services and the Connected Deeds of Mutual Covenant would be subject to a combined annual cap in respect of each of the three financial years ending 30 June 2021.

The aggregate transaction amounts in respect of the Services Transactions and the transactions under the Connected Deeds of Mutual Covenant in respect of each of the financial years ended 30 June 2019 and 2020 did not exceed the combined annual caps of HK\$23,850,000 and HK\$26,820,000 respectively for the corresponding financial year as prescribed under the 2018 Extended Waiver. The aggregate transaction amounts in respect of the Services Transactions and the transactions under the Connected Deeds of Mutual Covenant for the period from 1 July 2020 to 28 February 2021 did not exceed the relevant combined annual cap of HK\$30,170,000 for the financial year ending 30 June 2021.

For the three financial years ending 30 June 2024, the continuing connected party transactions under the Renewed Property Management Agreement, the Master Services Agreement and the Connected Deeds of Mutual Covenant will respectively be subject to separate annual caps, which are subject to Independent Unitholders' approval at the EGM. In addition, Sunlight REIT is required to re-comply with the announcement and unitholders' approval requirements (if applicable) in relation to the Property Management Transactions before any annual cap is exceeded or it proposes to effect a material change to their terms pursuant to Rule 14A.54 of the Listing Rules.

1. Property Management Transactions

(A) Renewed Property Management Agreement

Pursuant to the Property Management Agreement, the Property Manager has been engaged to provide certain property management, lease management and marketing services in respect of the properties of Sunlight REIT since the date of listing of Sunlight REIT. The current term of the Property Management Agreement will expire on 30 June 2021.

On 31 March 2021, the Property Manager and the Manager (in its capacity as manager of Sunlight REIT) entered into the Fifth Supplemental Agreement to renew the Property Management Agreement for the Extended Term, conditional upon the approval of the Independent Unitholders. The terms and conditions of the transactions under the Renewed Property Management Agreement during the Extended Term (including without limitation, the rates of fees) are substantially identical to those under the Property Management Agreement.

The principal terms of the Renewed Property Management Agreement are set out below:

(i) Date

The Fifth Supplemental Agreement was entered into on 31 March 2021.

(ii) Parties

- The Property Manager, an indirect wholly-owned subsidiary of HLD; and
- The Manager (in its capacity as manager of Sunlight REIT).

The Property Holding Companies have also acceded to and become parties to the Property Management Agreement. If the Renewed Property Management Agreement and the annual caps of the Property Management Transactions for the three financial years ending

30 June 2024 are approved by the Independent Unitholders at the EGM, the Manager will procure the Property Holding Companies to accede to the Fifth Supplemental Agreement.

(iii) Subject matter

The Property Manager shall provide, including without limitation, the following services in respect of the properties of the Sunlight REIT Group:

- (1) property management services, including co-ordinating tenants fitting out requirements, recommending third party contracts for provision of property management service, maintenance services, supervising the performance of service providers and contractors, arranging for adequate insurances and ensuring compliance with building and safety regulations
- (2) lease management services, including administration of rental collection, management of rental arrears, initiating lease renewals and negotiation of terms
- (3) marketing and marketing co-ordination services.

(iv) Condition

The Fifth Supplemental Agreement is conditional upon the approval of the Independent Unitholders. If this condition is not fulfilled on or before 30 June 2021 (or such later date as may be agreed between the Manager and the Property Manager), the Fifth Supplemental Agreement shall lapse forthwith and be of no further effect.

(v) Duration

The appointment of the Property Manager will be extended for the Extended Term, unless terminated pursuant to the terms of the Renewed Property Management Agreement.

(vi) Consideration and other terms

1. Property management services and lease management services

The fee payable to the Property Manager for the property management services and lease management services pursuant to the Renewed Property Management Agreement during the Extended Term will not exceed 3% per annum of the Gross Property Revenue of each relevant property managed by it, which shall be paid by the relevant Property Holding Company.

The Manager and the Property Manager may mutually agree to revise the rate of such fee in respect of any property of the Sunlight REIT Group from time to time provided that it does not exceed 3% per annum of the Gross Property Revenue of such property.

Such fees are calculated each month and the relevant Property Holding Company will, on the recommendation of the Manager, arrange for payment of the fees to the Property Manager, within 14 days after receipt of the Property Manager's invoice. These fees will be reconciled with the audited accounts of the Property Holding Company for the relevant financial year within 14 days after the completion of the preparation of such audited accounts (or such other period as may be agreed

between the parties), and any adjustment to the fees shall be paid to the Property Manager by the relevant Property Holding Company or refunded to the relevant Property Holding Company by the Property Manager within 30 days after the completion of the preparation of the said audited accounts.

In respect of lease renewal, where any memorandum of lease renewal prepared by the Property Manager is entered into, an administrative fee not exceeding HK\$600 in respect of each such memorandum can be charged by the Property Manager to the relevant tenants or licensees.

2. *Marketing services*

The commissions payable to the Property Manager for its marketing services provided pursuant to the Renewed Property Management Agreement during the Extended Term will be as follows:

- (a) a commission equivalent to one month's base rent or licence fee, for securing a tenancy or licence of three years or more;
- (b) a commission equivalent to one-half month's base rent or licence fee, for securing a tenancy or licence of one year or more but less than three years;
- (c) a commission equivalent to one-half month's base rent or licence fee, for securing a renewal of tenancy or licence of one year or more;
- (d) a commission not exceeding the lower of one-half month's base rent or licence fee, or 10% (or a lower percentage as mutually agreed between the Manager and the Property Manager from time to time) of the total rent or licence fee for securing a tenancy, licence or renewal of tenancy or licence for a duration of less than 12 months;
- (e) a commission equal to one-fourth month's base rent or licence fee (as reviewed), for handling each rent or licence review during the term of a tenancy or licence provided for in the tenancy or licence agreement; and
- (f) if the tenancy, licence or renewal of tenancy or licence is secured by a third party agent appointed by the relevant Property Holding Company, having regard to the work done by the Property Manager in connection with such tenancy, licence or renewal of tenancy or licence and upon the recommendation of the Manager, the relevant Property Holding Company may, at its absolute discretion, pay the Property Manager the commissions for such tenancy, licence or renewal of tenancy or licence provided that any such commission shall be at rates not exceeding a half of those specified in (a) to (e) above (as the case may be).

The relevant Property Holding Company will, on the recommendation of the Manager, pay the relevant commission to the Property Manager after a binding tenancy or licence agreement (or, in the case of a rent or licence fee review, a document evidencing the tenant's or licensee's agreement to the rent or licence fee as reviewed)

has been signed by the tenant or licensee and within 14 days after receipt of the Property Manager's invoice.

The Property Manager will also be fully reimbursed by the relevant Property Holding Company for the employment costs, secondment costs and remuneration of employees of the Property Manager and other persons who are engaged by or under secondment to the Property Manager solely and exclusively for the management of the relevant property of Sunlight REIT and persons providing technical services who are engaged by or under the secondment to the Property Manager solely and exclusively for the management of one or more properties of Sunlight REIT. For the avoidance of doubt, all other operating costs of the Property Manager will be borne by itself.

The consideration in relation to the transactions under the Renewed Property Management Agreement is on normal commercial terms and was determined after arm's length negotiation by reference to other similar transactions in the market (where applicable).

(vii) *Historical amounts and annual cap amounts*

For each of the financial years ended 30 June 2018, 30 June 2019 and 30 June 2020 and the six months ended 31 December 2020, the aggregate amounts paid by the Sunlight REIT Group to the Property Manager in respect of the transactions under the Property Management Agreement were approximately HK\$52,601,000, HK\$52,216,000, HK\$51,882,000 and HK\$22,125,000 respectively.

It is expected that the maximum aggregate annual amount payable by the Sunlight REIT Group to the Property Manager in respect of the transactions under the Renewed Property Management Agreement for the three financial years ending 30 June 2024 will not exceed the amounts set out below:

Financial year ending 30 June 2022	Financial year ending 30 June 2023	Financial year ending 30 June 2024
HK\$62,040,000	HK\$68,710,000	HK\$68,820,000

The above proposed new annual caps for the transactions under the Renewed Property Management Agreement for the three financial years ending 30 June 2024 have been determined by taking into account (i) the historical and current commissions referable to the tenancies and licences of Sunlight REIT's properties portfolio; (ii) the relevant lease expiry profile; (iii) an assumed annual growth of 5% of reimbursed costs; (iv) the prevailing market conditions; and (v) no variation to the terms governing the Renewed Property Management Agreement, supplemented by a buffer of 10% for each of the three financial years ending 30 June 2024 for possible adjustments in, among other things, reimbursement amount and gross rental income of the Sunlight REIT Group. In addition, the proposed new annual caps have also taken into account the possibility of acquisition of properties located in Hong Kong in the future, for which the Property Manager will provide property management services, lease management services and marketing services pursuant to the Renewed Property Management Agreement.

(B) Master Services Agreement

In the ordinary course of business, members of the Sunlight REIT Group may from time to time enter into the Service Transactions with members of the HLD Related Group. The Master Services Agreement sets out the framework terms governing the Service Transactions. The principal terms of the Master Services Agreement are set out below:

(i) Date

31 March 2021

(ii) Parties

- HLD; and
- the Manager (in its capacity as manager of Sunlight REIT).

(iii) Subject matter

With respect to the Service Transactions to be agreed to be provided during the term of the Master Services Agreement, the relevant members of the HLD Related Group and of the Sunlight REIT Group (or the Property Manager as agent for, or at the costs of, the relevant members of the Sunlight REIT Group) shall enter into separate definitive service agreement(s) (“**Definitive Service Agreement(s)**”) setting out the detailed terms (including the fee and the payment terms).

(iv) Condition

The Master Services Agreement is conditional upon the approval of the Independent Unitholders. If this condition cannot be fulfilled on or before 30 June 2021 (or such later date as may be agreed between the Manager and HLD), the Master Services Agreement shall lapse forthwith and be of no further effect.

(v) Duration

The Master Services Agreement is for the duration of three years from 1 July 2021 to 30 June 2024, unless terminated in accordance with the terms of the Master Services Agreement.

(vi) Consideration and other terms

The terms of, and the fee payable under, the Definitive Service Agreements shall be negotiated on a case-by-case and an arm’s length basis, and shall be on normal commercial terms which (a) from the Sunlight REIT Group’s perspective, shall be no less favourable than those which the relevant members of the Sunlight REIT Group could obtain from independent contractors or suppliers of comparable services, and (b) from the HLD Related Group’s perspective, shall be no more favourable than those which the relevant members of the HLD Related Group made available to their independent third party customers.

Sunlight REIT Group shall invite competitive tenders from contractors or suppliers, or invite not less than three quotations from contractors or suppliers, among which not more than one quotation shall be from a connected person of Sunlight REIT, so that a comparison of prices of a sufficient number of independent contractor(s) or supplier(s) of comparable services in the market will be conducted for management review with a view to ensuring that the terms of Services provided by the HLD Related Group (including the fees payable to the HLD Related Group for the Services) in connection with the Service Transactions are reasonable having regard to the scale, scope and quality of services required, and the reputation, experience and track record of performance of the service providers within the HLD Related Group and other relevant contractors or suppliers.

(vii) *Historical amounts and annual cap amounts*

For each of the financial years ended 30 June 2018, 30 June 2019 and 30 June 2020 and the six months ended 31 December 2020, the aggregate amounts paid by the Sunlight REIT Group to the HLD Related Group in respect of the Service Transactions were approximately HK\$2,720,000, HK\$2,814,000, HK\$3,759,000 and HK\$2,009,000 respectively.

It is expected that the maximum aggregate annual amount payable by the Sunlight REIT Group to the HLD Related Group in respect of the Service Transactions for the three financial years ending 30 June 2024 will not exceed the amounts set out below:

Financial year ending 30 June 2022	Financial year ending 30 June 2023	Financial year ending 30 June 2024
HK\$7,230,000	HK\$7,590,000	HK\$8,610,000

The above proposed new annual caps for the Service Transactions for the three financial years ending 30 June 2024 have been determined by taking into account (i) the current service contracts with the HLD Related Group; (ii) the possible increase in security service fees ranging from 5% to 15% annually with due consideration of the terms of the existing and potential service contracts as well as the expected market conditions in the future; (iii) the assumption of other additional services estimated at HK\$1 million for the financial year ending 30 June 2022 and 5% annual increment thereafter, such other additional services may include, for instance, potential new contracts for management and operations of properties, potential repair and maintenance works or consultancy services which the HLD Related Group may enter into with the Sunlight REIT Group during the relevant financial periods; and (iv) supplemented by a buffer of 10% for each of the three financial years ending 30 June 2024 for contingencies. In addition, the proposed new annual caps have also taken into account the possibility of acquisition of properties by Sunlight REIT in the future, which may require security services from the HLD Related Group.

(C) Deeds of Mutual Covenant

In respect of certain properties owned by the Property Holding Companies, there are Deeds of Mutual Covenant which bind the relevant DMC Manager appointed thereunder and all the owners of the relevant development or building which is erected on the lot of land on which the property owned by the Property Holding Companies forms part and their successors-in-title, irrespective of whether they are original parties to the Deed of Mutual Covenant. Accordingly, although the Property Holding Companies are not original parties to such Deeds of Mutual Covenant, they are bound by and have the benefits of the terms thereof.

The DMC Managers currently appointed under certain Deeds of Mutual Covenant are members of the HLD Group (such DMC Managers referred to as the “**Connected DMC Managers**”) and they were so appointed prior to the relevant properties being acquired by the Sunlight REIT Group. Such Connected DMC Managers have agreed to undertake management of the relevant entire development, building, lot of land, and/or the common areas and facilities thereof. For the avoidance of doubt, the services provided by the Connected DMC Managers mainly involve the maintenance and management of common areas and facilities as shared among different owners of the relevant building or property and they are different from the property management services provided by the Property Manager to the Sunlight REIT Group under the Property Management Agreement as mentioned under the section headed “*Continuing Connected Party Transactions – 1. Property Management Transactions – (A) Renewed Property Management Agreement - (iii) Subject matter*” above. The building management fees and expenses are required to be paid to the Connected DMC Managers by the Property Holding Companies in the capacity as owners of the relevant properties.

The principal terms of the services provided by the Connected DMC Managers under the relevant Connected Deeds of Mutual Covenant are summarised below:

(i) Date, Parties ^{Note (1)}, Property and Duration

Property owned by the relevant Property Holding Company	Date of the Connected Deed of Mutual Covenant	Connected DMC Manager	Property Holding Company	Term of the appointment of the Connected DMC Manager under the Connected Deed of Mutual Covenant
1. MCPI Property	26 April 1997	Metro City Management Limited	MCPI Company	Initially for a term of two years from the date of the first occupation permit in respect of any part of the estate and thereafter until the Connected DMC Manager resigns or is removed pursuant to the terms of the relevant Connected Deed of Mutual Covenant.
2. SSC Property	3 March 1994	Sheung Shui Centre Management Limited	SSC Company	Initially for a term not exceeding two years from the date of the Connected Deed of Mutual Covenant and thereafter until the Connected DMC Manager resigns or is removed pursuant to the terms of the relevant Connected Deed of Mutual Covenant.
3. Supernova Stand Property	15 December 2001	Hang Yick Properties Management Limited	Supernova Stand Company	Initially for a term not exceeding two years from the date of the Connected Deed of Mutual Covenant and thereafter until the Connected DMC Manager resigns or is removed pursuant to the terms of the relevant Connected Deed of Mutual Covenant.

Property owned by the relevant Property Holding Company	Date of the Connected Deed of Mutual Covenant	Connected DMC Manager	Property Holding Company	Term of the appointment of the Connected DMC Manager under the Connected Deed of Mutual Covenant
4. Kwong Wah Plaza Property	3 July 1998 (supplemented by a sub-Deed of Mutual Covenant dated 30 September 1999)	Hang Yick Properties Management Limited	Kwong Wah Plaza Companies	Initially for a term of two years from the date of issue of the occupation permit and thereafter until the Connected DMC Manager resigns or is removed pursuant to the terms of the relevant Connected Deed of Mutual Covenant.
5. Winsome House Property	3 July 1999	Hang Yick Properties Management Limited	Winsome House Company	
6. Wai Ching Commercial Building Property	22 June 1998	Hang Yick Properties Management Limited	Wai Ching Commercial Building Company	
7. Sun Fai Commercial Centre Property	22 June 1998	Hang Yick Properties Management Limited	Sun Fai Commercial Centre Company	
8. 135 Bonham Strand Trade Centre Property	23 June 2000	Hang Yick Properties Management Limited	135 Bonham Strand Trade Centre Company	Initially for a term of two years from the date of issue of the occupation permit (which is 3 January 2000). <i>Note (2)</i>
9. Beverley Commercial Centre Property	8 November 1982	Hang Yick Properties Management Limited	Beverley Commercial Centre Company	Initially for a term of five years from the date of issue of the occupation permit and thereafter until a management committee has been appointed under the Multi-Storey Building (Owners Incorporation) Ordinance or any statutory modification thereof for the time being in force. <i>(Note 3)</i>

Notes: (1) In addition to the Connected DMC Manager and the relevant Property Holding Company, there are numerous other parties which are bound by the relevant Connected Deed of Mutual Covenant, including the first owner of the relevant building and the current owners of the portions of the relevant building not owned by the Sunlight REIT Group. Such other parties are not named in the above table.

(2) Although the initial term of Hang Yick Properties Management Limited as the DMC Manager of 135 Bonham Strand Trade Centre has ended and the Deed of Mutual Covenant does not provide for any subsequent term of the DMC Manager, after the expiry of the initial term, Hang Yick Properties Management Limited has continued to act as the DMC Manager with no specified term. As 135 Bonham Strand Trade Centre is not wholly-owned by the Sunlight REIT Group, the Sunlight REIT Group is not entitled to enter into any agreement with the DMC Manager to fix the current term of such appointment.

(3) Although the management committee of Incorporated Owners of Beverley Commercial Centre has been appointed, Hang Yick Properties Management Limited has continued to act as the DMC Manager of Beverley Commercial Centre. As Beverley Commercial Centre is not majority-owned by the Sunlight REIT Group, the Sunlight REIT Group is not entitled to pass any resolution in the general meeting of the owners' corporation to fix the current term of such appointment.

The above Connected Deeds of Mutual Covenant were entered into prior to acquisition of the relevant properties by the Sunlight REIT Group and the Sunlight REIT Group is not entitled to vary the provisions of such Connected Deeds of Mutual Covenant in respect of such properties (all the buildings or developments of which any such properties form part are not wholly-owned by the Sunlight REIT Group). As shown in the above table and the notes thereto, the current term of all the Connected DMC Managers is not fixed and it will continue until the relevant Connected DMC Manager resigns or is removed pursuant to the terms of the relevant Connected Deed of Mutual Covenant or the Buildings Management Ordinance (Chapter 344 of the Laws of Hong Kong). With regard to the duration of the appointment of the Connected DMC Managers and the continuing connected party transactions with the Connected DMC Managers during the term of their appointment, Sunlight REIT has complied and will comply with all applicable connected party transaction requirements under the Listing Rules and the REIT Code. The proposed annual cap amounts in respect of the continuing connected party transactions under the Connected Deeds of Mutual Covenant to be considered and, if thought fit, approved by the Independent Unitholders at the EGM, which are set out in paragraph (iii) below, are in respect of the three financial years ending 30 June 2024 only.

(ii) *Services provided by, and fees payable to, the Connected DMC Managers*

Pursuant to the Connected Deeds of Mutual Covenant, the Connected DMC Manager undertakes the management and maintenance of the entire development or building which is erected on the lot of land on which the property held by the Property Holding Company forms part, such lot of land and/or the common areas and facilities thereof. The scope of such management services may include the management, operation, servicing, maintenance, repair, renovation, replacement, security and insurance of the development, building, lot of land and/or the common areas and facilities thereof.

The relevant Property Holding Companies as well as the other owners of the relevant building or development shall bear and pay due proportion of the building management fees and expenses to the Connected DMC Managers in accordance with the Connected Deeds of Mutual Covenant. The management fees and expenses payable by the relevant Property Holding Company to the relevant Connected DMC Manager (“**DMC Management Fee**”) are generally calculated based on a Specified Portion of (i) annual budgeted Management Expenses prepared by the Connected DMC Manager, and (ii) total remuneration receivable by the Connected DMC Manager from all owners of the relevant building or development (such remuneration amount not to exceed 10% to 15% of the annual Management Expenses) (“**DMC Manager’s Remuneration**”). However, if any Management Expenses incurred are solely relating to a specific portion or part of the building or development, such expenses shall be shared among the owners of the relevant portion or part of the building or development only, based on the proportion of management units or undivided shares allocated to their respective properties. The pro-rated DMC Management Fee shall generally be charged to the Property Holding Company on a monthly basis for its immediate payment.

In respect of the management and maintenance of the Beverley Commercial Centre Property, the monthly DMC Management Fee is calculated based on (i) a fixed sum of monthly expense specified under the Deed of Mutual Covenant to be payable in respect of the shops owned by Beverley Commercial Centre Company; and (ii) a Specified Portion of the Management Expenses incurred by the Connected DMC Manager in the management of the shops and offices of the entire development (which is inclusive of the DMC Manager’s Remuneration).

While the DMC Manager's Remuneration forms part of the DMC Management Fee, the majority portion of the DMC Management Fee payable to the Connected DMC Manager represents the Management Expenses which are expenditure for the management and maintenance of the relevant building or development (including costs in engaging third party service providers to manage and maintain the relevant property).

All the terms of the Connected Deeds of Mutual Covenant were determined prior to acquisition of the relevant properties by the Sunlight REIT Group. Therefore, the Sunlight REIT Group was not involved in the negotiation or determination of these terms. Having taken into account that (i) the rate of Connected DMC Manager's maximum remuneration receivable under the Connected Deeds of Mutual Covenant in the range of 10% to 15% of total budgeted Management Expenses of the relevant property or building is in line with the prevailing market rate, and (ii) other owners of the relevant property or building unrelated to the Sunlight REIT Group or the HLD Group are also liable to pay the Connected DMC Manager the DMC Management Fee calculated on the same basis pursuant to the Connected Deeds of Mutual Covenant, the Manager considers that the terms of the appointment of the Connected DMC Manager (including without limitation, the determination and rates of the DMC Management Fee) are on normal commercial terms.

(iii) *Historical amounts and annual cap amounts*

For each of the financial years ended 30 June 2018, 30 June 2019 and 30 June 2020 and the six months ended 31 December 2020, the aggregate amounts paid by the Sunlight REIT Group to the Connected DMC Managers pursuant to the Connected Deeds of Mutual Covenant were approximately HK\$12,529,000, HK\$13,029,000, HK\$13,504,000 and HK\$6,033,000 respectively.

It is expected that the maximum aggregate annual amount payable by the Sunlight REIT Group to the Connected DMC Managers pursuant to the Connected Deeds of Mutual Covenant for the three financial years ending 30 June 2024 will not exceed the amounts set out below:

Financial year ending 30 June 2022	Financial year ending 30 June 2023	Financial year ending 30 June 2024
HK\$18,000,000	HK\$18,960,000	HK\$19,980,000

The above proposed new annual caps for the Connected Deeds of Mutual Covenant for the three financial years ending 30 June 2024 have been determined by taking into account the historical amounts of the DMC Management Fee paid, the current rates of service fees of the Connected DMC Managers and possible growth in costs and expenses reflecting expected market conditions in the future, supplemented by a buffer of 10% for each of the three financial years ending 30 June 2024 for contingencies.

2. Joint Effort Carparking Arrangement

In relation to MCPI Property (which is wholly-owned by the Sunlight REIT Group) and Metro City Phase II and Metro City Phase III (which are wholly-owned by the HLD Group), a joint effort arrangement has been conducted between the Sunlight REIT Group and the HLD Group pursuant to which free parking has been provided to customers of the Shopping Arcades (“**Joint Effort Carparking Arrangement**”).

Under the Joint Effort Carparking Arrangement, customers whose spending exceeds the prescribed levels in any of the Shopping Arcades are offered free parking for a certain number of hours at any of such phases. For customers who are also members of Henderson Club (a free club membership scheme launched by the HLD Group), certain extra hour(s) of free parking may be redeemed, subject to the amendments to the terms of such membership scheme from time to time. The Joint Effort Carparking Arrangement is a joint benefit and promotional arrangement aimed to attract and reward customers spending at the Shopping Arcades.

As between the Sunlight REIT Group and the HLD Group, the Joint Effort Carparking Arrangement involves a scheme of sharing of fees and costs based on an agreed formula. Such formula takes into account of the notional parking income that could have been received by each of the HLD Group and the Sunlight REIT Group through the implied value of the Parking Coupons utilised by the customers in respect of parking at their respective premises, and an agreed basis of the free parking expenses shared between the HLD Group and the Sunlight REIT Group with reference to the proportion of gross floor areas of the respective Shopping Arcades owned by them.

The principal terms of the Joint Effort Carparking Agreement are summarised below:

(i) *Date*

31 March 2021

(ii) *Parties*

- the Property Manager (as agent of MCPI Company); and
- HLAL (as agent of the Phases II & III Owners, whose holding company is HLD)

(iii) *Subject matter*

MCPI Company and the Phases II & III Owners have agreed to offer Parking Coupons to customers of one or more of the Shopping Arcades. The parties will share the implied value and expenses of the Parking Coupons based on a specified formula stated below.

(iv) *Duration*

Three years from 1 July 2021 to 30 June 2024, unless terminated in accordance with the terms of the Joint Effort Carparking Agreement.

(v) *Consideration and other terms*

Within 10 days after the end of each calendar month (or at such other period as may be agreed between HLAL and the Property Manager), HLAL and the Property Manager shall notify the other party of the aggregate implied value of the Parking Coupons utilized at Phase I Car Park or Phases II & III Car Parks (as the case may be) during that calendar month (or such other period as may be agreed between HLAL and the Property Manager) for the purpose of calculating the amount to be paid by the Phases II & III Owners to MCPI Company or by MCPI Company to the Phases II & III Owners (as the case may be) in accordance with the following formula (or in such other manner as HLAL and the Property Manager may agree in writing from time to time):

Amount to be paid by either	Formula
the Phases II & III Owners to MCPI Company	= $A - (C \times 12.5\%)$, if the result is a positive number
MCPI Company to the Phases II & III Owners	= $B - (C \times 87.5\%)$, if the result is a positive number

where:

- A = the implied value of Parking Coupons utilized at Phase I Car Park
- B = the implied value of Parking Coupons utilized at Phases II & III Car Parks
- C = A + B

The 12.5% and 87.5% used in the above formula represent the approximate percentage of the gross floor areas of the Shopping Arcades at MCPI Property and that at Metro City Phases II and III, respectively, over the aggregate of such gross floor areas.

In addition to the above, the costs of any extra parking hour(s) redeemed by members of the Henderson Club at Phase I Car Park in accordance with the terms and conditions of the Henderson Club will be reimbursed by HLD Group to MCPI Company on a monthly basis in arrears.

Any amount payable under the Joint Effort Carparking Agreement shall be paid within 30 days from the date of invoice (or such other period as agreed between the parties).

The consideration under the Joint Effort Carparking Agreement is on normal commercial terms determined after arm's length negotiation between the parties.

(vi) *Historical amounts and annual cap amounts*

For each of the financial years ended 30 June 2018, 30 June 2019 and 30 June 2020 and the six months ended 31 December 2020, the aggregate amounts paid by the HLD Group to MCPI Company pursuant to the Joint Effort Carparking Agreement were approximately HK\$2,611,000, HK\$3,226,000, HK\$3,256,000 and HK\$1,411,000 respectively, while no amounts were paid by the MCPI Company to the HLD Group pursuant to the Joint Effort Carparking Arrangement.

It is expected that the maximum aggregate annual amount payable by the HLD Group to MCPI Company pursuant to the Joint Effort Carparking Agreement for the three financial years ending 30 June 2024 will not exceed the amounts set out below:

Financial year ending 30 June 2022	Financial year ending 30 June 2023	Financial year ending 30 June 2024
HK\$3,570,000	HK\$4,100,000	HK\$4,720,000

The above proposed new annual caps for Joint Effort Carparking Agreement for the three financial years ending 30 June 2024 have been determined by reference to (i) the estimated amount of free parking joint promotions; and (ii) the possible growth in such arrangement as a result of market growth or better economies of scale in the future. Estimated annual increments of 15% in the above new annual caps were adopted for the three financial years ending 30 June 2024 to reflect inflation.

The transactions under the Joint Effort Carparking Arrangement are different from those under the Property Management Transactions by nature and do not form part of the property management transactions between Sunlight REIT Group and the HLD Related Group, for the following reasons:

- (a) The Joint Effort Carparking Arrangement is undertaken for the joint benefit and promotion of the Sunlight REIT Group and the HLD Group (which can be income or expense in nature to the Sunlight REIT Group), whereas the Property Management Transactions involve only the provision of services by the HLD Related Group to the Sunlight REIT Group (which is expense in nature to the Sunlight REIT Group).
- (b) The calculation of transaction amounts under the Joint Effort Carparking Arrangement is based on a fair sharing of fees and costs among the parties; whereas the service fees charged by the HLD Related Group under the Property Management Transactions are not based on their costs and does not involve any sharing of fees or costs.

3. Master Leasing Agreement

In the ordinary course of business, members of the Sunlight REIT Group may from time to time enter into the Leasing Transactions with members of the HLD Related Group. The Master Leasing Agreement sets out the framework terms governing the Leasing Transactions. The principal terms of the Master Leasing Agreement are set out below:

(i) *Date*

31 March 2021

(ii) *Parties*

- HLD; and
- the Manager (in its capacity as manager of Sunlight REIT)

(iii) *Subject matter*

With respect to the Leasing Transactions to be agreed to be provided during the term of the Master Leasing Agreement, the relevant members of the HLD Related Group and of the Sunlight REIT Group shall enter into separate definitive leasing agreement(s) (“**Definitive Leasing Agreement(s)**”) setting out the detailed terms (including the fee and the payment terms).

(iv) *Duration*

The Master Leasing Agreement is for the duration of three years from 1 July 2021 to 30 June 2024, unless terminated in accordance with the terms of the Master Leasing Agreement.

(v) *Consideration and other terms*

The terms of, and the rental or licence fee payable under, the Definitive Leasing Agreements shall be negotiated on a case-by-case and an arm’s length basis, and shall be on normal commercial terms which, (i) from the Sunlight REIT Group’s perspective, shall be no more favourable than those which Sunlight REIT Group made available to its independent third party lessees, tenants or licensees; and (ii) from the HLD Related Group’s perspective, shall be no less favourable than those which the relevant members of the HLD Related Group could obtain from independent landlords or lessors of comparable premises.

In respect of the Leasing Transactions with a total license fee not exceeding HK\$50,000 (“**Small Licenses**”), such license fee shall be determined based on the standard pre-determined rates (subject to periodic review by the Manager) at which the relevant Property Holding Company licenses out to any parties, including independent third party licensees. In respect of the Leasing Transactions which are not Small Licenses, the rental or licence fee shall be determined based on the valuation of the rental value of the subject premises to be leased, let or licensed obtained from an independent property valuer. The management/service fees chargeable by the Sunlight REIT Group to the relevant member of the HLD Related Group in respect of the Leasing Transactions shall be at the same rate as those chargeable by the Sunlight REIT Group to other tenants or licensees of the same building or property which are not members of the HLD Related Group.

(vi) *Historical amounts and annual cap amounts*

For each of the financial years ended 30 June 2018, 30 June 2019 and 30 June 2020 and the six months ended 31 December 2020, the aggregate amounts received by the Sunlight REIT Group from the HLD Related Group in respect of the Leasing Transactions were approximately HK\$10,583,000, HK\$11,781,000, HK\$12,279,000 and HK\$5,470,000 respectively.

It is expected that the maximum aggregate annual amount receivable by the Sunlight REIT Group from the HLD Related Group in respect of the Leasing Transactions for the three financial years ending 30 June 2024 will not exceed the amounts set out below:

Financial year ending 30 June 2022	Financial year ending 30 June 2023	Financial year ending 30 June 2024
HK\$20,310,000	HK\$20,631,000	HK\$21,239,000

The above proposed new annual caps for the Leasing Transactions mainly consist of rental, building management and air-conditioning fees payable by the HLD Related Group. The above proposed new annual caps for the Leasing Transactions for the three financial years ending 30 June 2024 have been determined by taking into account the current lease expiry profile and possible adjustments in rental, licence fees and charges reflecting market conditions in the future, and potential new tenancies and licences which the HLD Related Group may enter into with the Sunlight REIT Group during the relevant financial periods.

4. Reasons for and Benefits of the Continuing Connected Party Transactions and the Views of the Board and the Trustee

The Board's views

The Board considers that the Property Management Transactions form an integral part of the normal operations of Sunlight REIT. In particular, the Property Manager has been a key and important delegate of the Manager since the listing of Sunlight REIT in relation to the management of the properties of Sunlight REIT. Hence, the Board (excluding the Independent Non-Executive Directors, whose opinion will be set out in the Circular after taking into account the advice to be provided by the Independent Financial Adviser) is of the view that it is in the interests of Unitholders that the Property Management Agreement be extended for a further term of three years to ensure business continuity of Sunlight REIT. The Leasing Transactions have been, and (where applicable) may in the future be, entered into as part of the normal business of the relevant members of the Sunlight REIT Group in connection with the properties, while the Board considers that the Joint Effort Carparking Arrangement is necessary in connection with the joint benefit and promotional arrangement to attract and reward customers spending at MCPI Property.

The Board (including the independent non-executive Directors) considers that the terms of the Joint Effort Carparking Agreement and the Master Leasing Agreement are fair and reasonable and in the interests of the Unitholders as a whole and that they are on normal commercial terms and the transactions thereunder will be carried out on an arm's length basis. The Board (excluding the independent non-executive Directors, whose opinion will be set out in the Circular after taking into account the advice to be provided by the Independent Financial

Adviser) considers that the terms of the Property Management Transactions are fair and reasonable and in the interests of the Unitholders as a whole and that they are on normal commercial terms and the transactions thereunder will be carried out on an arm's length basis. The Board is of the view that the Continuing Connected Party Transactions are consistent with the investment policy, objectives and strategy of Sunlight REIT and are in compliance with the REIT Code and the Trust Deed.

The Trustee's views

Based on and in sole reliance on the information and assurances provided by the Manager including those in this announcement and the unanimous approval of the terms of the Joint Effort Carparking Agreement and Master Leasing Agreement by the Board (including the independent non-executive Directors), and having taken into account its duties set out in the REIT Code and the Trust Deed, the Trustee is of the view that:

- (i) the terms of the Joint Effort Carparking Agreement and the Master Leasing Agreement are: (a) consistent with Sunlight REIT's investment policy and in compliance with the REIT Code and the Trust Deed; (b) in the interests of the Unitholders as a whole; and (c) on normal commercial terms which are fair and reasonable; and
- (ii) no Unitholders' approval is required under the REIT Code and the Trust Deed for entering into the Joint Effort Parking Agreement and the Master Leasing Agreement.

Accordingly, and on the above basis, the Trustee has no objection to the transactions contemplated under the Joint Effort Carparking Agreement and the Master Leasing Agreement.

Based on and in sole reliance on the information and assurances provided by the Manager including those in this announcement and the unanimous approval of the Property Management Transactions by the Board (including the independent non-executive Directors), the Trustee is of the view that the Property Management Transactions are consistent with Sunlight REIT's investment policy and in compliance with the REIT Code and the Trust Deed.

The above views of the Trustee are included in this announcement solely to comply with paragraph 8.7D of the REIT Code.

The Circular will include the Trustee's view, on the basis set out therein including by reference to other similar transactions in the market (where applicable), that the terms of the Property Management Transactions are (i) in the interests of the Unitholders as a whole; and (ii) on normal commercial terms which are fair and reasonable and that the Trustee has no objection to the Property Management Transactions nor to the Manager seeking approval from Unitholders of the Property Management Transactions.

5. Implications of the Continuing Connected Party Transactions under the Listing Rules

At the date of this announcement, the HLD Group holds an aggregate of approximately 18.08% of Units in issue while SKFE Group holds an aggregate of approximately 22.44% of Units in issue. The Manager is an indirect wholly-owned subsidiary of HLD. Therefore, members of the HLD Related Group are connected persons of Sunlight REIT, and the Continuing Connected Party Transactions constitute continuing connected party transactions of Sunlight REIT under the REIT Code.

As some of the applicable percentage ratios (as calculated pursuant to Rule 14.07 of the Listing Rules) in respect of the annual caps of the Property Management Transactions exceed 5% on an aggregate basis, the Property Management Transactions are subject to the announcement, reporting, annual review and Independent Unitholders' approval requirements pursuant to the REIT Code and/or Chapter 14A of the Listing Rules. By virtue of the HLD Group's material interest in the Property Management Transactions, the HLD Group and the SKFE Group will abstain from voting on the Ordinary Resolution to approve the Property Management Transactions and the annual caps of such transactions for the three financial years ending 30 June 2024 (except for voting pursuant to a proxy under a specific direction given by Independent Unitholder(s) to vote for or against the Ordinary Resolution on his or their behalf).

As the applicable percentage ratios in respect of the annual caps of the transactions under each of the Joint Effort Carparking Agreement and the Master Leasing Agreement are more than 0.1% but less than 5%, such transactions are subject to the announcement and reporting requirements but exempt from the independent unitholders' approval requirement pursuant to the REIT Code.

None of the Directors has a material interest in the Continuing Connected Party Transactions and therefore, none of them is required to abstain from voting on the relevant board resolutions of the Manager for approving the Continuing Connected Party Transactions.

6. Internal Control

The Manager has established an internal control system to ensure that connected party transactions between the Sunlight REIT Group and its connected persons are monitored and that such transactions are undertaken on terms in compliance with the REIT Code. As required by the REIT Code, all connected party transactions must, among other things, be carried out at arm's length, on normal commercial terms and in the interests of unitholders.

In respect of the Property Management Transactions, the following internal control measures are in place to ensure that such transactions satisfy the foregoing criteria:

- (a) The Manager maintains a register to record all connected party transactions which are entered into by members of the Sunlight REIT Group and where applicable, the bases, including (with respect to the Services Transactions only) any competitive tenders and quotations from independent third parties obtained to support such bases, on which they are entered into. The Manager or (in respect of the DMC Management Fees under the Connected Deeds of Mutual Covenant) the Property Manager will verify that the amounts payable by the Sunlight REIT Group are calculated in accordance with the relevant agreements.

- (b) The register of connected party transactions is reviewed by the Compliance Department of the Manager on a monthly basis to ensure the relevant annual caps are not exceeded.
- (c) As a general rule, the Manager will demonstrate to the Audit Committee of the Board that all connected party transactions are carried out at arm's length, on normal commercial terms and in the interests of Unitholders. In particular, the Audit Committee is provided with a summary of the connected party transactions including their transaction amounts on a quarterly basis.
- (d) The Internal Audit Department of the Manager will review all connected party transactions entered into by the Sunlight REIT Group on half-yearly basis.

7. Review and Reporting

The Continuing Connected Party Transactions to be conducted during the three financial years ending 30 June 2024 will be subject to the following review and reporting processes pursuant to paragraph 8.7A of the REIT Code and Rules 14A.55 to 14A.59, Rule 14A.71 and Rule 14A.72 of the Listing Rules (as modified under the REIT Code):

(a) *Annual review by the independent non-executive Directors*

The independent non-executive Directors shall review the transactions annually and confirm in Sunlight REIT's annual report for the relevant financial year that each transaction has been entered into: (i) in the ordinary and usual course of business of Sunlight REIT; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreement governing it on terms that are fair and reasonable and in the interests of Sunlight REIT and the Unitholders as a whole.

(b) *Annual review by the auditors of Sunlight REIT*

In respect of each relevant financial year, the Manager shall engage the auditors of Sunlight REIT to report on the transactions annually. The auditors of Sunlight REIT must provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that any transactions: (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of Sunlight REIT; (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing it; and (iv) have exceeded the applicable annual cap. The Manager shall provide a copy of such auditors' letter to the SFC at least 10 business days before the bulk printing of the annual report of Sunlight REIT.

(c) *Auditors' access to records*

The Manager shall allow, and ensure that the counterparties to the transactions allow, the auditors of Sunlight REIT sufficient access to their records for the purpose of reporting on the transactions.

(d) *Notification to the SFC*

The Manager shall promptly notify the SFC and publish an announcement if the independent non-executive Directors and/or the auditors of Sunlight REIT cannot confirm the matters set out in (a) and/or (b) above. The SFC may require Sunlight REIT to re-comply the announcement and unitholders' approval requirements and may impose additional conditions.

(e) *Annual reports*

A brief summary of the transactions containing the information specified in Rules 14A.71 and 14A.72 of the Listing Rules (as modified under the REIT Code) shall be included in Sunlight REIT's annual reports.

8. Information on the Parties to the Continuing Connected Party Transactions

Sunlight REIT is a Hong Kong collective investment scheme constituted as a unit trust by the Trust Deed, and is authorised under section 104 of the SFO. The Sunlight REIT Group is principally engaged in the business of ownership of and investment in income-generating office and retail properties in Hong Kong.

Each of MCPI Company, SSC Company, Supernova Stand Company, Kwong Wah Plaza Companies, Winsome House Company, Wai Ching Commercial Building Company, Sun Fai Commercial Centre Company, 135 Bonham Strand Trade Centre Company and Beverley Commercial Centre Company is a special purpose vehicle owned and controlled by Sunlight REIT and is principally engaged in property investment.

The Manager is an indirect wholly-owned subsidiary of HLD and is principally engaged in managing Sunlight REIT.

HLD, being ultimately controlled by the private family trusts of Dr. LEE Shau Kee, is an investment holding company the shares of which are listed on the Main Board of the Stock Exchange. The HLD Group is principally engaged in the business of property development and investment, construction, project management, property management, finance, department store operation and investment holding. HLD is also the holding company of the Phases II & III Owners which are principally engaged in property investment.

The Property Manager is an indirect wholly-owned subsidiary of HLD and is principally engaged in provisions of property management services to the properties of Sunlight REIT.

Metro City Management Limited, Hang Yick Properties Management Limited and Sheung Shui Centre Management Limited are wholly-owned subsidiaries of HLD and are principally engaged in property management.

HLAL is a wholly-owned subsidiary of HLD and is principally engaged in provision of leasing agency services to members of the HLD Group.

9. The Independent Board Committee and the Independent Financial Adviser

The Independent Board Committee comprising all three independent non-executive Directors has been formed to review the terms of the Continuing Connected Party Transactions and to advise the Independent Unitholders on how to vote in respect of the Property Management Transactions at the EGM, after taking into account the recommendations of the Independent Financial Adviser.

VMS Securities Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee, the Independent Unitholders and the Trustee in respect of the Property Management Transactions.

CIRCULAR AND THE EGM

A circular containing, among other things, (i) a letter from the Board containing further information on the Trust Deed Amendments and the Property Management Transactions (including the annual caps thereunder); (ii) the recommendations from the Independent Board Committee to the Independent Unitholders in connection with the Property Management Transactions; (iii) a letter from the Independent Financial Adviser containing its advice in connection with the Property Management Transactions; and (iv) a notice convening the EGM, will be despatched to the Unitholders on or before 9 April 2021 together with the form of proxy for the EGM to the Unitholders.

The EGM will be held at The Ballroom, 18th Floor, The Mira Hong Kong, 118 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong on Wednesday, 5 May 2021 at 10:30 a.m..

CLOSURE OF REGISTER OF UNITHOLDERS

For the purpose of determining eligibility of Unitholders to attend and vote at the EGM, the register of Unitholders will be closed from Friday, 30 April 2021 to Wednesday, 5 May 2021, both days inclusive, during which period no transfers of Units will be effected. In order to qualify to attend and vote at the EGM, all transfers of Units accompanied by the relevant unit certificates and the duly completed transfer forms must be lodged with the unit registrar of Sunlight REIT, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Thursday, 29 April 2021.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“135 Bonham Strand Trade Centre Company”

Tinselle Investment Limited, the registered owner of 135 Bonham Strand Trade Centre Property and a special purpose vehicle owned and controlled by Sunlight REIT

“135 Bonham Strand Trade Centre Property”	various portions in 135 Bonham Strand Trade Centre, 135 Bonham Strand, Sheung Wan, Hong Kong
“2018 Circular”	the circular of Sunlight REIT dated 13 April 2018
“2018 Extended Waiver”	the waiver granted by the SFC to Sunlight REIT from strict compliance with the requirements under Chapter 8 of the REIT Code in respect of continuing connected party transactions involving (i) leasing and licensing arrangements and (ii) property management and operations between the Sunlight REIT Group on one part and certain connected persons of Sunlight REIT on the other part, which was extended up to and including 30 June 2021 by an extension approved by way of an Ordinary Resolution passed at the extraordinary general meeting of Unitholders held on 2 May 2018, the details of which were set out in the Offering Circular and the 2018 Circular respectively
“Adjustments”	the adjustments which are charged or credited to the income statement of Sunlight REIT for the relevant financial year the effect of which shall be eliminated in the calculation of the Annual Distributable Income
“Aggregate Property Development Costs”	the combined value of (i) the aggregate investments in all property developments undertaken by a REIT; and (ii) the aggregate contract value of the uncompleted units of real estate in a building which is unoccupied and non-income producing or in the course of substantial development, redevelopment or refurbishment acquired by the REIT
“Annual Distributable Income”	as defined in the current Trust Deed to mean the amount calculated by the Manager as representing the consolidated audited net profit after tax of Sunlight REIT and each company wholly-owned (disregarding, for this purpose only, any part of the issued share capital which carries no right to vote and no right to receive distribution of profits) by the Trustee on behalf of Sunlight REIT for the relevant financial year as adjusted to eliminate the effects of Adjustments

“Annual Distributable Income Amendments”	the proposed amendments to the Trust Deed in connection with the Annual Distributable Income which are to be set out in full in the Circular and considered, and if thought fit, approved by the Unitholders at the EGM
“Associate(s)”	has the meaning ascribed to it under the REIT Code
“Beverley Commercial Centre Company”	Newcorp Development Limited (新萬發展有限公司), the registered owner of Beverley Commercial Centre Property and a special purpose vehicle owned and controlled by Sunlight REIT
“Beverley Commercial Centre Property”	various shops units on the ground floor of Beverley Commercial Centre at 87-105 Chatham Road South, Tsim Sha Tsui, Kowloon, Hong Kong
“Board”	the board of Directors
“Charge-out Collections”	in respect of a Property, and in relation to the relevant period, all items of air-conditioning charges, management fees, promotional charges, government rates, government rents, utility charges, cleaning and other charges which are payable by tenants or licensees to the relevant Property Holding Company
“Circular”	the circular to be issued and despatched to Unitholders on or before 9 April 2021, containing, among other things, (i) details of the Trust Deed Amendments; (ii) details of the Property Management Transactions together with the recommendations of the Independent Board Committee to the Independent Unitholders, the letter of advice from the Independent Financial Adviser to the Independent Board Committee, the Independent Unitholders and the Trustee in respect of the Property Management Transactions; and (iii) the EGM Notice
“Conduct of General Meeting Amendments”	the proposed amendments to the Trust Deed in relation to the conduct of general meetings which are to be set out in full in the Circular and considered, and if thought fit, approved by the Unitholders at the EGM

“Connected Deed(s) of Mutual Covenant”	the Deed(s) of Mutual Covenant pursuant to which a Connected DMC Manager has been currently appointed
“Connected DMC Manager(s)”	has the meaning given to it under the section headed “ <i>Continuing Connected Party Transactions - 1. Property Management Transactions - (C) Deeds of Mutual Covenant</i> ” of this announcement
“connected person(s)”	has the meaning ascribed to it under the REIT Code
“Continuing Connected Party Transactions”	the Property Management Transactions and the transactions contemplated under the Joint Effort Carparking Agreement and the Master Leasing Agreement
“Deed(s) of Mutual Covenant”	in respect of a property owned by a Property Holding Company, the deed(s) which defines and regulates the rights, interests and obligations of the owners of the building or development of which the property forms part and the DMC Manager and sets out provisions relating to, among others, the management and maintenance of such building development
“Definitive Leasing Agreement(s)”	has the meaning given to it under the section headed “ <i>Continuing Connected Party Transactions - 3. Master Leasing Agreement - (iii) Subject matter</i> ” of this announcement
“Definitive Service Agreement(s)”	has the meaning given to it under the section headed “ <i>Continuing Connected Party Transactions - 1. Property Management Transactions - (B) Master Services Agreement - (iii) Subject matter</i> ” of this announcement
“Deposited Property”	all the assets of Sunlight REIT for the time being held or deemed to be held upon the trust constituted by the Trust Deed
“Director(s)”	the director(s) of the Manager

“DMC Management Fee”	has the meaning given to it under the section headed “ <i>Continuing Connected Party Transactions – 1. Property Management Transactions - (C) Deeds of Mutual Covenant - (ii) Services provided by, and fees payable to, the Connected DMC Manager</i> ” of this announcement
“DMC Manager”	the manager of the relevant building or development appointed under the Deed of Mutual Covenant
“DMC Manager’s Remuneration”	has the meaning given to it under the section headed “ <i>Continuing Connected Party Transactions – 1. Property Management Transactions - (C) Deeds of Mutual Covenant - (ii) Services provided by, and fees payable to, the Connected DMC Manager</i> ” of this announcement
“EGM”	the extraordinary general meeting of Unitholders to be convened by the EGM Notice to consider and, if thought fit, approve, among other things, the Trust Deed Amendments and the Property Management Transactions, or any adjournment thereof
“EGM Notice”	the notice of the EGM as set out in the Circular
“Evercot Enterprise Company Limited”	a company incorporated in Hong Kong with limited liability of which HLD is the holding company
“Extended Term”	three years ending 30 June 2024
“Fifth Supplemental Agreement”	the fifth supplemental agreement to the Property Management Agreement dated 31 March 2021 entered into by the Manager (as manager of Sunlight REIT) and the Property Manager for the purpose of, among other things, extending the term of the appointment of the Property Manager
“GAV”	the gross asset value of the relevant REIT
“Gross Property Revenue”	in respect of a property, and in relation to the relevant period, the amount equivalent to the Gross Revenue less the Charge-out Collections

“Gross Revenue”

in respect of a property, and in relation to the relevant period, all income accruing or resulting from the operation of such property for the relevant period, including but not limited to base rental income, turnover rent, licence fees, Charge-out Collections and other sums (after deduction for all rebates, refunds, credits or discounts and rebates for rent free periods) due from tenants, licensees and concessionaires, business interruption insurance payments, carpark income, atrium income, interest income, advertising and other income attributable to the operation of such Property but, shall exclude the following:

- (i) proceeds derived or arising from the sale and/or disposal of the property and/or the operating equipment, or any part thereof;
- (ii) all proceeds from insurances taken out (but excluding business interruption insurance payments which shall form part of the Gross Revenue);
- (iii) all rental and other refundable security deposits;
- (iv) all taxes (whether in force at present or in the future), charged to tenants, licensees and users of the property for the sale or supply of services or goods, which taxes are accountable by the relevant Property Holding Company to the tax authorities; and
- (v) any Adjustment Payments (as defined in the Offering Circular) (which had been fully paid)

“HK\$”

Hong Kong dollars, the lawful currency of Hong Kong

“HLAL”

Henderson Leasing Agency Limited (恒基租務代理有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of HLD

“HLD”	Henderson Land Development Company Limited (恒基兆業地產有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“HLD Group”	HLD and its subsidiaries
“HLD Related Group”	HLD and its subsidiaries and Associates (which for the avoidance of doubt, exclude the Sunlight REIT Group)
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Increase of Property Development Cap”	the proposed increase of the Property Development Cap to 25% (or such other higher percentage as may be permitted under the REIT Code) of the GAV of Sunlight REIT at any time
“Independent Board Committee”	independent committee of the Board established to advise the Independent Unitholders on the Property Management Transactions, comprising Mr. KWAN Kai Cheong, Dr. TSE Kwok Sang and Mr. KWOK Tun Ho, Chester, all being independent non-executive Directors
“Independent Financial Adviser”	VMS Securities Limited (鼎珮證券有限公司), a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and appointed as the independent financial adviser to advise the Independent Board Committee, the Independent Unitholders and the Trustee in respect of the Property Management Transactions
“Independent Unitholders”	Unitholders other than those who have a material interest in the Property Management Transactions
“Join Fortune Development Limited”	a company incorporated in Hong Kong with limited liability of which HLD is the holding company

“Joint Effort Carparking Agreement”	the agreement dated 31 March 2021 and entered into by HLAL (as agent of the Phases II & III Owners) and the Property Manager (as agent of MCPI Company) in relation to the offering of Parking Coupons
“Joint Effort Carparking Arrangement”	has the meaning given to it under the section headed “ <i>Continuing Connected Party Transactions – 2. Joint Effort Carparking Arrangement</i> ” of this announcement
“Joint Venture Entity”	any entity or any partnership or other arrangement in which or through which Sunlight REIT invests in any jointly owned property as permitted under the REIT Code which may be majority-owned or minority-owned by Sunlight REIT
“Kwong Wah Plaza Companies”	Seiren Investment Limited (實盈置業有限公司) and Sound Bright Investment Limited (聲亮投資有限公司), the registered owners of Kwong Wah Plaza Property, and special purpose vehicles owned and controlled by Sunlight REIT
“Kwong Wah Plaza Property”	various portions in Kwong Wah Plaza at 11-15 Tai Tong Road, Yuen Long, New Territories, Hong Kong
“Leasing Transactions”	entering into by members of the HLD Group of leases, tenancies or licences in respect of premises owned by the Sunlight REIT Group (including office and retail space, car parks and building areas)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Management Expenses”	the total costs and charges (inclusive of sum payable to independent third party service providers) for the management of the relevant building or development

“Manager”	Henderson Sunlight Asset Management Limited (恒基陽光資產管理有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of HLD, acting as the manager of Sunlight REIT
“Master Leasing Agreement”	the master agreement dated 31 March 2021 entered into between HLD and the Manager setting out the framework terms governing the Leasing Transactions
“Master Services Agreement”	the master agreement dated 31 March 2021 entered into between HLD and the Manager for setting out the framework terms governing the Service Transactions
“Maximum Cap”	has the meaning given to it under the REIT Code
“MCPI Company”	Sunlight Crownwill Limited, the registered owner of MCPI Property and a special purpose vehicle incorporated in the British Virgin Islands with limited liability owned and controlled by Sunlight REIT
“MCPI Property”	the commercial development (including car park spaces therein) of Metro City Phase I at 1 Wan Hang Road, Tseung Kwan O, Hong Kong
“Metro City Phase II”	the commercial development (including car park spaces therein) of Metro City Phase II at 8 Yan King Road, Tseung Kwan O, Hong Kong
“Metro City Phase III”	the commercial development (including car park spaces therein) of Metro City Phase III at 8 Yan King Road, Tseung Kwan O, Hong Kong
“Millap Limited”	a company incorporated in Hong Kong with limited liability of which HLD is the holding company

“Minority-owned Property(ies)”	means (a) jointly owned property(ies) in which Sunlight REIT will not have majority (i.e. more than 50%) ownership and control, including both Qualified Minority-owned Properties and Non-qualified Minority-owned Properties
“Miscellaneous Fees Amendments”	the proposed amendments to the Trust Deed in connection with (i) the calculation of the variable fee of the Manager; (ii) the basis of calculation of the acquisition fee and divestment fee payable to the Manager in respect of acquisitions or divestments of real estate by Sunlight REIT; and (iii) the source of payment to third party agents or brokers in connection with the acquisition or divestment of any real estate, which are to be set out in full in the Circular and considered and, if thought fit, approved by Unitholders at the EGM
“Net Property Income”	all items considered by the Manager to be in the nature of income in accordance with the generally accepted accounting principles in Hong Kong (such as all rents, dividends, distributions, licence fees, service charges, turnover rentals, advertising revenue and such other receipts but excluding interest and taxation rebates) minus direct property related expense of Sunlight REIT
“Non-qualified Minority-owned Property(ies)”	has the meaning given to it under the REIT Code
“Offering Circular”	the offering circular dated 8 December 2006 issued in connection with the initial public offering of the Units
“Ordinary Resolution”	a resolution of Unitholders passed by a simple majority of the votes of those Unitholders present and entitled to vote, whether in person or by proxy, at a duly convened meeting, where the votes shall be taken by way of a poll, but with a quorum of two or more Unitholders holding together not less than 10% of Units in issue
“Parking Coupons”	the parking coupons to be offered to the patrons of the Shopping Arcades for enjoying certain number of hour(s) free parking at any of the Phase I Car Park and Phases II & III Car Parks

“Phase I Car Park”	the car park spaces in MCPI Property
“Phases II & III Car Parks”	the car park spaces in Metro City Phase II and Metro City Phase III
“Phases II & III Owners”	Evercot Enterprise Company Limited, Shung King Development Company Limited, Join Fortune Development Limited, Millap Limited, Egeria Investment Limited, Kwong Kay Investment Company Limited, being the owners of Metro City Phase II and Metro City Phase III
“Property Development Amendments”	the proposed amendments to the Trust Deed in connection with the Property Development and Related Activities and the Property Development Cap which are to be set out in full in the Circular and are to be considered and, if thought fit, approved by Unitholders at the EGM
“Property Development and Related Activities”	the acquisition of uncompleted units in a building and property developments (including both new development projects and re-development of existing properties) undertaken in accordance with the REIT Code
“Property Development Cap”	has the meaning given to it under the section headed “ <i>Proposed Amendments to the Trust Deed – 2. Proposed Increase of the Investment Limit regarding Property Development and Related Activities and the Proposed Amendments to the Trust Deed in relation thereto</i> ” of this announcement
“Property Holding Company(ies)”	the property holding company(ies) in the Sunlight REIT Group, each a special purpose vehicle owned and controlled by Sunlight REIT
“Property Management Agreement”	the agreement dated 29 November 2006 entered into between the Manager and the Property Manager (as supplemented and amended by supplemental agreements dated 28 April 2009, 25 June 2012, 12 May 2015 and 15 May 2018 respectively and acceded to by the Property Holding Companies) relating to the provision of certain property management, lease management and marketing services in respect of the properties of Sunlight REIT

“Property Management Transactions”	the transactions under the Renewed Property Management Agreement, the Master Services Agreement and the Connected Deeds of Mutual Covenant
“Property Manager”	Henderson Sunlight Property Management Limited (恒基陽光物業管理有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of HLD, the property manager of Sunlight REIT
“Qualified Minority-owned Property”	has the meaning given to it under REIT Code
“REIT(s)”	real estate investment trust(s) authorised by the SFC under the REIT Code
“REIT Code”	Code on Real Estate Investment Trusts issued by the SFC, as amended, supplemented and/or otherwise modified from time to time
“REIT Code Alignment and Other Miscellaneous Amendments”	has the meaning given to it under the section headed “ <i>Proposed Amendments to the Trust Deed – 1. Amendments to the Trust Deed for alignment with the REIT Code Amendments</i> ” of this announcement
“REIT Code Amendments”	the amendments to the REIT Code which took effect on 4 December 2020
“Relevant Investments”	the relevant financial instruments in which a REIT is permitted to invest under the REIT Code, namely, securities listed on internationally recognized stock exchanges, unlisted debt securities, government and other public securities and local or overseas property funds
“Renewed Property Management Agreement”	the Property Management Agreement as supplemented by the Fifth Supplemental Agreement

“Service Transactions”	provision of Services by the relevant member of the HLD Related Group to the Sunlight REIT Group
“Services”	services including (i) cleaning services; (ii) maintenance services; (iii) renovation services (including physical improvements or repairs and project management of renovation or enhancement work); (iv) security services; (v) utilities services; (vi) car park management services; (vii) legal and other professional and consultancy services; and (viii) such other services in the ordinary and usual course of management and operation of the properties of the Sunlight REIT Group as may be agreed between HLD and the Manager from time to time in writing as to be governed by the Master Services Agreement
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), as amended, supplemented and/or otherwise modified from time to time
“Shopping Arcades”	the shopping arcades in MCPI Property, Metro City Phase II and Metro City Phase III
“Shung King Development Company Limited”	a company incorporated in Hong Kong with limited liability of which HLD is the holding company
“SKFE”	Shau Kee Financial Enterprises Limited
“SKFE Group”	Shau Kee Financial Enterprises Limited (a company ultimately controlled by the private family trusts of Dr. LEE Shau Kee) and its subsidiaries
“Small Licenses”	has the meaning given to it in the section headed “ <i>Continuing Connected Party Transactions – 3. Master Leasing Agreement - (v) Consideration and other terms</i> ” of this announcement

“Special Resolution”	a resolution of Unitholders passed by a majority consisting of 75% or more of the votes of those Unitholders present and entitled to vote in person or by proxy at a duly convened meeting by way of a poll, but with a quorum of two or more Unitholders holding together not less than 25% of Units in issue
“Specified Portion”	the proportion as the number of management units or undivided shares allocated to the property owned by the relevant Property Holding Company bears to the total management units or undivided shares allocated to the entire building or development
“SSC Company”	Bayman Limited, the registered owner of SSC Property and a special purpose vehicle incorporated in the British Virgin Islands with limited liability owned and controlled by Sunlight REIT
“SSC Property”	the commercial development (including all shops, the restaurant and the kindergarten) and carparks in the podium and basement of Sheung Shui Centre at 3 Chi Cheong Road, Sheung Shui, New Territories, Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sun Fai Commercial Centre Company”	Yu Loy Development Company Limited (裕來地產發展有限公司), the registered owner of Sun Fai Commercial Centre Property and a special purpose vehicle owned and controlled by Sunlight REIT
“Sun Fai Commercial Centre Property”	various portions in Sun Fai Commercial Centre at 576 Reclamation Street, Mong Kok, Kowloon, Hong Kong
“Sunlight REIT”	Sunlight Real Estate Investment Trust, a collective investment scheme constituted as a unit trust and authorized under section 104 of the SFO

“Sunlight REIT Group”	Sunlight REIT, the special purpose vehicles owned and controlled by Sunlight REIT in accordance with the REIT Code and the Trust Deed and other companies or entities held or controlled by Sunlight REIT
“Supernova Stand Company”	United Glory Development Limited (安協發展有限公司), the registered owner of Supernova Stand Property and a special purpose vehicle owned and controlled by Sunlight REIT
“Supernova Stand Property”	Shops 1 to 9 on ground floor and commercial common area and facilities in Supernova Stand at 28 Mercury Street, Causeway Bay, Hong Kong
“Trust Deed”	the trust deed dated 26 May 2006 constituting Sunlight REIT (as supplemented by six supplemental deeds dated 1 June 2006, 28 November 2006, 28 April 2009, 23 July 2010, 30 April 2012 and 16 March 2015 respectively), as may be modified, supplemented and amended from time to time
“Trust Deed Amendments”	the Property Development Amendments, the Miscellaneous Fees Amendments, the Annual Distributable Income Amendments and the Conduct of General Meeting Amendments
“Trustee”	HSBC Institutional Trust Services (Asia) Limited (滙豐機構信託服務(亞洲)有限公司), in its capacity as the trustee of Sunlight REIT
“Unit(s)”	unit(s) in Sunlight REIT
“Unitholder(s)”	any person(s) registered as holding a Unit
“Wai Ching Commercial Building Company”	Gain Fortune Development Limited (盈福發展有限公司), the registered owner of Wai Ching Commercial Building Property and a special purpose vehicle owned and controlled by Sunlight REIT

“Wai Ching Commercial Building Property”	various portions in Wai Ching Commercial Building at 77 Wai Ching Street, Yau Ma Tei, Kowloon, Hong Kong
“Winsome House Company”	Grand Faith Development Limited (旺信發展有限公司), the registered owner of Winsome House Property and a special purpose vehicle owned and controlled by Sunlight REIT
“Winsome House Property”	various portions in Winsome House at 73 Wyndham Street, Central, Hong Kong
“%”	percentage

By order of the Board
HENDERSON SUNLIGHT ASSET MANAGEMENT LIMITED
 恒基陽光資產管理有限公司
 (as manager of Sunlight Real Estate Investment Trust)
CHUNG Siu Wah
Company Secretary

Hong Kong, 31 March 2021

At the date of this announcement, the Board of the Manager comprises : (1) Chairman and Non-Executive Director : Mr. AU Siu Kee, Alexander; (2) Chief Executive Officer and Executive Director : Mr. WU Shiu Kee, Keith; (3) Non-Executive Director : Mr. KWOK Ping Ho; and (4) Independent Non-Executive Directors : Mr. KWAN Kai Cheong, Dr. TSE Kwok Sang and Mr. KWOK Tun Ho, Chester.